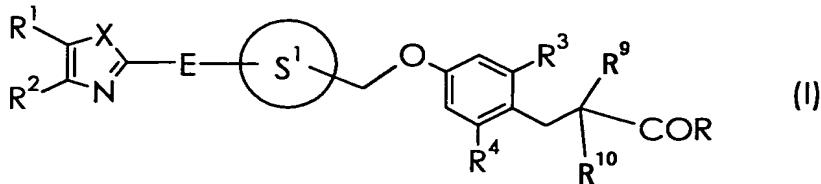


Abstract

The present invention provides a novel compound having a GPR40 receptor function modulating action, which is useful as
5 an insulin secretagogue, a drug for the prophylaxis or treatment of diabetes and the like.

A compound represented by the formula (I)



wherein each symbol is as defined in the specification, a salt
10 thereof and a prodrug thereof have unexpectedly superior GPR40 receptor agonist activity and also show superior properties as a pharmaceutical product, such as stability and the like. Thus, they can be safe and useful drugs for the prophylaxis or treatment of GPR40 receptor related conditions or diseases in
15 mammals.